

## PR-22 deal signed; Metropistas execs pledge to make roadways world-class

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Government officials and their private partners signed on Monday the 40-year concession contract to administer the PR-22 and PR-5 highways, paving the way for the new administration to take over in 90 days.

Last week, the Fortuño administration announced it had selected Autopistas Metropolitanas de Puerto Rico LLC, a consortium comprised by Abertis Infraestructuras (which owns 45%) and Goldman Sachs Infrastructure Partners II LP (which owns 55%), for a 40-year highway concession contract involving PR-22 and PR-5. The group offered an upfront payment of \$1.08 billion, 12.5 percent more than the competing bid placed by a consortium comprised by Morgan Stanley Infrastructure and OHL Concesiones and 20 percent more than the government's internal estimate of \$902 million.

"We are going to put all of our experience, all of our expertise into transforming these highways so they are among the best in the world," said Jordi Graells, Abertis' general director for the Americas and toll-road concessions.

Abertis manages 3,772 kilometers of highways directly and participates in the management of an additional 2,166 kilometers. It also manages 29 airports in eight countries and has also invested in telecommunications infrastructure

Goldman Sachs Infrastructure Partners, meanwhile, has \$10 billion in assets and typically makes investments from \$100 million to \$500 million in transportation and utilities infrastructure across the world.



**Abertis executive Jordi Graells, left, and Jonathan S. Hunt, of Goldman Sachs**

Graells emphasized that the consortium (which will be known under the Metropistas moniker) is investing in Puerto Rico for the long-term.

"We believe the economy of Puerto Rico will improve because of the actions of the government. We believe Puerto Rico has a bright future over the next few years and that's important for us," he added.

Jonathan S. Hunt, Goldman's vice president for merchant banking, said the firm was "ecstatic" about the process the Puerto Rico government developed and its public-private partnership (PPP) program.

"There was a lot of hard work. Few places have been able to do this," Graells said. "Puerto Rico has included what has worked and left out what does not work. This PPP process is why we are here."

Both executives said that improvements to the roadways will begin immediately and that there will be a focus on making the roads more secure, with improved lighting and an improved system of vigilance, which will incorporate new technology like cameras and additional personnel and vehicles.

Hunt said Goldman's recent highway investment in Mexico was accompanied by improved safety features and a resulting decrease in accidents and fatalities, and he expected a similar experience here.

The Goldman and Abertis officials also said they would consider future opportunities under the island PPP program and could even partner up again since they feel comfortable working together.

David Alvarez, executive director the Public Private Partnership Authority (PPPA) reiterated that no Highways & Transportation Authority employees would be fired as a result of the concession, although Abertis will be offering them work if they voluntarily want to leave government to continue working on PR-22; otherwise they will be relocated within the agency.

He also reiterated that the Puerto Rico government is not limited at all by this contract to develop other highways or to develop mass transit projects along PR-22.

While the toll road grosses about \$90 million annually in tolls, after payments to bondholders and maintenance, the highway loses about \$12 million annually, Alvarez said.

Transportation Secretary Rubén Hernández Gregorat said the deal would allow the Highway & Transportation Authority to pay down enough debt for it to regain its borrowing capacity and fund new highway projects.

"This PPP is the only way we can do that," he said.